

**STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT**

**WSDOT Ferries Division
FY 2012 Performance Report**

**BUDGET DIVISION
JANUARY 2013**



Executive Summary

This document represents the first comprehensive report on performance measures of the Washington State Department of Transportation Ferries Division (WSF). While WSF has reported in the WSDOT Gray Notebook for ten years, this report provides expanded information on the accomplishments and completion of significant milestones related to the performance measures in RCW 47.64.360 including the following:

ACCOMPLISHMENTS

- Mukilteo Multimodal Terminal Project published a Draft Environmental Impact Statement that looked at four alternatives along the Mukilteo waterfront. Two public hearings were held. Based on public, agency and tribal feedback along with the alternative's ability to meet the project purpose and need, a preferred alternative was selected. The ESA, Section 106 and Tribal Consultation processes were started. The Record of Decision is expected in June 2013 and will be reported on in the next update.
- The Seattle Multimodal Terminal Project confirmed an Environmental Assessment is required through the National Environmental Policy Act (NEPA) process. The project completed the NEPA scoping process and modified the purpose and need to include a replacement in-kind of passenger only facility and future retail along Alaskan Way. Drafting of the Environmental Assessment has begun.
- The M/V Kennewick was delivered and put into ferry service. The construction of this vessel completed the construction of three new vessels which replaced the steel electric class of ferry vessels. WSF is also under contract for the construction of two new 144-car ferries to begin replacement of the aging Evergreen State class vessels which are to be delivered in the 2013-15 biennium.

PROGRAM DELIVERY

- There was less than 1 injury per million passengers traveled in 2012; and we reduced employee injury rates by nearly 40% since 2010 by an increased focus on safety, improved follow up from accident investigations and integrating findings and lessons learned into procedures and training.
- There have been 20 emergency repair requests to date this biennium totaling over \$4.5 million.

- Washington State Ferries on-time performance has improved steadily over the past three fiscal years. Since FY 2010 annual on-time performance has increased 4.4% (91.7% in FY 2010 to 96.1% in FY 2012).

FY 2012 Ferries Performance Measures

Legislative Background

In the 2011 legislative session, RCW 47.64.360 set forth a process for establishing performance measures for WSF Division and listed areas in which performance measures were required. The legislation called for an ad hoc committee to develop performance targets and present them for review to members of the transportation committees and the Joint Transportation Committee by December 31, 2011. In addition, the legislation called for OFM to complete a government management and accountability performance (GMAP) report that provides a baseline assessment of current performance on the performance measures. It requires an annual report from OFM to the Legislature by December 31 of each year on the performance for the fiscal year ending June 30 of that year. The first annual performance report for FY 2012 is due to the Legislature on December 31, 2012.

WSDOT Performance Reporting

WSDOT has over ten years of history of reporting the performance of its various programs. Specific to WSF Division, WSDOT has reported ridership and farebox revenue, service reliability, on-time trip performance, customer feedback, vessel and terminal preservation, and on-time and on-budget information for Nickel and TPA projects. WSDOT also reported on new vessel construction quarterly during the construction of the Kwa-di Tabil class vessels and is currently reporting on construction of the Olympic Class (144-car) ferry. These new measures will complement the existing Gray Notebook performance and accountability reporting.

Summary of recommended changes since last report

Since the initial baseline report was published, WSDOT has found more accurate ways to report its performance with respect to the measures prescribed in RCW 47.64.360. Specifically, it is the recommendation of the department to modify the target for vessel out of service time from an average of six weeks to an average of eight weeks to account for an error in calculation of past performance. The department also recommends a modification to the passenger injuries per million passenger miles that excludes illnesses and natural causes from the measure.

Development of Targets

An ad hoc committee was formed in 2011 consisting of members from the Senate and House transportation committees, the governor's office, labor, legislative staff, and WSDOT. The committee developed performance targets, specifically for the measures set forth in the legislation. These include:

1. Safety performance as measured by passenger injuries per one million passenger miles (#5) and by OSHA recordable crew injuries per ten thousand revenue service hours (#6).
2. Service effectiveness measures including passenger satisfaction of interactions with ferry employees (#7), cleanliness and comfort of vessels and terminals (#8), and satisfactory response to requests for assistance (#9).
3. Cost containment measures including operating cost per passenger mile (#10), operating cost per revenue service mile (#11), discretionary overtime as a percentage of straight time (#12), and gallons of fuel consumed per revenue service mile (#13).
4. Maintenance and capital program effectiveness measures including project delivery rate as measured by the number of projects completed on time and within budget (#1 - #4), and vessel and terminal design and engineering costs as measured by a percentage of the total capital program (#14), including measurement of the ongoing operating and maintenance costs, and total vessel out-of-service time (#15).
5. This report applied the National Transit Database to measure passenger injuries which is the same reporting approach used by the Chicago Transit Authority, New York Transit Authority, King County Department of Transportation, etc. The criteria are required by the Federal Transit Administration (FTA).

Reporting

This is the first issue of the Ferries Performance Report. WSF Division performance data is based upon currently reported in the Gray Notebook on a quarterly basis includes ridership, farebox revenue, customer feedback, service reliability measured by number of missed trips, and on-time performance. Periodically, WSF Division reports performance in other areas, including its capital program in terms of progress in reducing the maintenance backlog, progress in new vessel construction and condition ratings for terminals and vessels; safety; and environmental areas. Data on past performance in the areas listed in the legislation as well as additional measures that are relevant to overall performance of a ferry system are contained in the following pages. The baseline data provides a starting point and context for targets.

The Performance Report adds to the current reporting practices including quarterly reporting in the WSDOT Gray Notebook and biennial reporting in the Governor's Attainment Report and provides greater understanding of important contextual information such as:

- Level of resources available and budget
- Progress on major initiatives
- General economic conditions that may have an influence on ridership or cost
- Any changes in regulatory requirements, such as changes from the United States Coast Guard and environmental agencies
- Labor negotiations and/or arbitrator rulings
- Service changes or major disruptions
- Marketing efforts and community partnerships
- Capital program delivery milestones

This report will also include a plan for improvement as identified or where appropriate. As with all new reports, lessons learned and refinements to targeted areas are made to adequately report the funding and authority accomplished what the Legislature intended.

Capital Program

Washington State Ferries oversees the preservation and improvement of existing ferry terminals and vessels, as well as the construction of new vessels. The program is responsible for the preservation of 20 terminals, 22 vessels, and the Eagle Harbor Maintenance Facility. Capital work consists of preservation and improvement projects that fall into three major categories: terminals, vessels, and emergency repairs. The focus of a preservation project is to refurbish or replace systems that make up the terminal or vessel. Ferry improvements increase

the capacity of the ferry system to move people and vehicles, provide ferry riders with connections to alternative modes of travel, and generate revenue and cost savings to support capital investments and service delivery.

Ferries 2011-13 Biennial Capital Budget		
<i>in millions</i>	2011-13 Budget¹	% of Budget
Vessel Preservation and Improvement	\$209.5	51%
Terminal Preservation and Improvement	\$71.7	17%
Emergency Repair	\$3.0	1%
Subtotal (Sec. 308)	\$284.2	
New Revenue for 2 nd 144-car Vessel (Sec. 710)	\$130.0	31%
TOTAL	\$414.2	100%

¹ Source: ESHB 2190 (2012 Supplemental Transportation Budget)

Operating Program

Washington State Ferries is the world's largest auto-carrying system in the world, and carries the most passengers of any ferry system in the United States. In FY 2011 and FY 2012 the ferry system carried 22.2 million riders per year with 12.2million passengers and 10.0 million drivers using private or commercial vehicles. There are approximately 450 sailings each day on nine ferry routes across Puget Sound and through the San Juan Islands including an international route to Sidney, British Columbia.

Ferries 2011-13 Biennial Operating Budget

<i>in millions</i>	2011-13 Budget¹	% of Budget
Vessel and Terminal Operations ²	\$382.5	81.7%
Vessel and Terminal Maintenance	\$63.8	13.6%
Other Administrative Costs ³	\$14.0	3.0%
Management and Administration ⁴	\$7.8	1.7%
Total	\$468.1	100%

¹ Source: ESHB 2190 (2012 Supplemental Transportation Budget)

²Includes fuel (fuel is \$136.6 million, or 29% of the operating budget)

³Credit cards, leases, printing, marketing, tariff review, studies, etc.

⁴ Assistant Secretary, Communications, Accounting, Planning, etc.

Ferries performance measures dashboard

Policy goal*/Performance measure		Prior (FY2011)**	Current (FY2012)**	Goal	Goal met	Comments
Maintenance and Capital Program Effectiveness						
1	Percent of terminal projects completed on time . • Terminal preservation projects • Terminal improvement projects	90% 100%	100% 100%	90% 90%		Exceeds on-time goal for FY2012.
2	Percent of terminal projects completed on budget . • Terminal preservation projects • Terminal improvement projects	100% 90%	100% 100%	90% 90%		Exceeds on-budget goal for FY2012.
3	Percent of vessel capital projects completed on time . • New construction projects • Vessel preservation projects • Vessel improvement projects	100% 100% 100%	100% 78% 82%	100% 75% 75%		Exceeds on-time goals for vessel construction, preservation and improvement projects for FY2012. Met on-time goal for vessel new construction projects for FY2012.
4	Percent of vessel capital projects completed on budget . • New construction projects ¹ • Vessel preservation projects • Vessel improvement projects	100% 70% 80%	100% 100% 100%	100% 75% 75%		Exceeds on-budget goal for vessel preservation projects for FY2012. Met on-budget goal for vessel new construction and improvement projects for FY2012.
14	Preliminary engineering costs. • As a percent of terminal capital project costs • As a percent of existing vessel capital project ¹ costs • As a percent new vessel project costs	22% 7% ⁷ 2.5%	25% ² 17% ³ 2.8%	19% ^{4,5} 17% ⁴ 10% ⁴		Terminal capital projects were below goals while both existing and new vessel projects exceeded goals for engineering costs.
15	Average vessel out of service time.	8 weeks	7.8 weeks	8 ⁶ weeks		Marks improvement on last period and is better than the out of service time goal.
Safety Performance						
5	Passenger injuries per million passenger miles below three-year moving average.	0.087 ⁷	0.092	Less than 0.086 ⁸		The number of passenger injuries was above the three-year moving average.
6	OSHA recordable crew injuries per 10,000 revenue service hours.	9.7	5.9	9.3 ⁸		Surpasses goal by having less OSHA -recordable crew injuries.
Service Effectiveness						
7	Passenger satisfaction with WSF Staff customer service .	86%	95%	90%		Exceeds passenger satisfaction for customer service goal.
8	Passenger satisfaction with cleanliness and comfort of WSF terminals, facilities, and vessels.	85%	90%	90%		Meets customer satisfaction for cleanliness and comfort goal.
9	Passenger satisfaction with service requests made via telephone or WSF website.	76%	89%	90%		Was one percent below goal for passenger satisfaction with service requests.
17	Service reliability level (percent of scheduled trips completed).	99.5%	99.6%	99%		Meets service reliability level goal.
16	On-time performance level (percent of trips departing at scheduled time).	94.4%	96.1%	95%		Exceeds on-time performance level goal.
Cost Containment Measures						
10	Annual operating cost estimate per passenger mile compared to budgeted cost.	0.05%	-1.86%	Within 5% of budget		Exceeds goal for annual operating cost per passenger mile.
11	Annual operating cost estimate per revenue service mile compared to budgeted cost.	-1.1% ⁷	-2.0% ⁷	Within 5% of budget		Surpasses goal for annual operating cost per revenue service mile.
12	Overtime hours as a percentage of straight time hours compared to budgeted overtime hours.	-1.07%	+0.38%	Within 1% of budget		Exceeds goal for annual overtime as a percentage of straight time.
13	Gallons of fuel consumed per revenue service mile compared to budgeted fuel consumption.	-0.5% ⁷	-0.7%	Within 5% of budget		Exceeds goal for fuel consumption per revenue service mile.

Notes: *Goals above are grouped and the numbers are out of sequence to match those used in OFM reporting.**Highlighted measures (measures 5 & 15) denote a change to the goal or the dataset used to calculate the goal. All reporting periods are based on fiscal years. Baseline reporting period is FY2011 (July 2010 - June 2011) and current reporting year is FY2012 (July 2011 - June 2012) unless otherwise noted. 1 Preservation and improvement projects on existing vessels. 2 Adjusted for consultant use. 3 The M/V Kitsap, M/V Kaleetan, M/V Hyak, and M/V Yakima have no major contracts planned this biennium and were intentionally omitted from the preliminary engineering percentage calculation. 4 Based on WSDOT Estimating Manual – Percentages vary due to project type. 5 Weighted rate for terminal engineering's 11 projects delivered in FY 2012 based on project types and sizes. 6 WSDOT recommended changing the goal from six to eight weeks due to an error in calculating the initial baseline that omitted the non-working days in the calculation. 7 This number is different than in previous publications. Additional information may be found later in the report. 8 The goal remains at a 3 year rolling average, the dataset used to calculate the goal now eliminates incidents that are associated with illnesses or natural causes.